

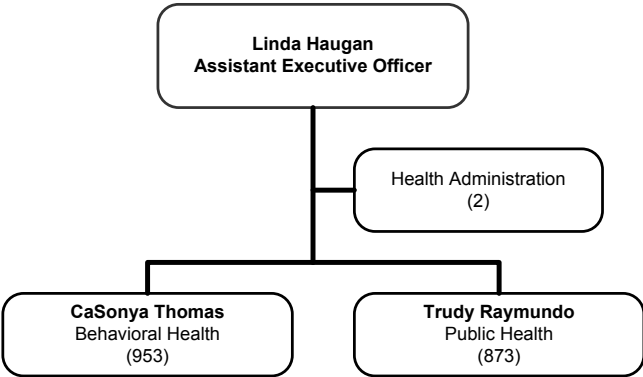
HEALTH ADMINISTRATION

DEPARTMENT MISSION STATEMENT

Health Administration develops and coordinates budgets, policies, and procedures for the County’s health care departments in accordance with the strategic goals adopted by the Board of Supervisors, the County Charter, and general laws.



ORGANIZATIONAL CHART



SUMMARY OF BUDGET UNITS

	2013-14					
	Requirements	Sources	Net County Cost	Fund Balance	Net Budget	Staffing
<u>General Fund</u>						
Health Administration	110,534,459	95,534,459	15,000,000			2
Total General Fund	110,534,459	95,534,459	15,000,000			2
<u>Special Revenue Fund</u>						
Master Settlement Agreement	38,858,857	18,404,020		20,454,837		0
Total Special Revenue Fund	38,858,857	18,404,020		20,454,837		0
Total - All Funds	149,393,316	113,938,479	15,000,000	20,454,837		2

5-YEAR REQUIREMENTS TREND					
	2009-10	2010-11	2011-12	2012-13	2013-14
Health Administration	61,640,716	52,070,117	43,427,735	102,560,645	110,534,459
Master Settlement Agreement	20,039,138	22,852,028	23,877,171	27,207,376	38,858,857
Total	81,679,854	74,922,145	67,304,906	129,768,021	149,393,316

5-YEAR SOURCES TREND					
	2009-10	2010-11	2011-12	2012-13	2013-14
Health Administration	46,640,716	37,070,117	28,424,005	87,560,645	95,534,459
Master Settlement Agreement	17,409,067	17,812,891	18,025,144	17,075,000	18,404,020
Total	64,049,783	54,883,008	46,449,149	104,635,645	113,938,479

5-YEAR NET COUNTY COST TREND					
	2009-10	2010-11	2011-12	2012-13	2013-14
Health Administration	15,000,000	15,000,000	15,003,730	15,000,000	15,000,000
Total	15,000,000	15,000,000	15,003,730	15,000,000	15,000,000

5-YEAR FUND BALANCE TREND					
	2009-10	2010-11	2011-12	2012-13	2013-14
Master Settlement Agreement	2,630,071	5,039,137	5,852,027	10,132,376	20,454,837
Total	2,630,071	5,039,137	5,852,027	10,132,376	20,454,837



Health Administration

DESCRIPTION OF MAJOR SERVICES

The role of the Health Administration budget unit is to seek and support opportunities to foster collaboration among the Department of Public Health (PH), Department of Behavioral Health (BH), and the Arrowhead Regional Medical Center (ARMC). The Health Administration provides regular fiscal and policy analysis relating to the operations of these departments. Additionally, Health Administration manages the \$110.5 million Health Administration budget unit, which includes funding for ARMC debt service, health related maintenance of effort costs, and transfers required to obtain federal health care funding.

Budget at a Glance

Total Requirements	\$110,534,459
Total Sources	\$95,534,459
Net County Cost	\$15,000,000
Total Staff	2
Funded by Net County Cost	14%

Health care related transactions represented by this budget unit include the Disproportionate Share Hospital (DSH) Supplemental Payments, Realignment AB 8 match, and the County's contribution for ARMC debt service payments.

Intergovernmental Transfers for Medi-Cal Managed Care Capitation Rates

This budget unit also includes Intergovernmental Transfers (IGT) to the state to fund increased Medi-Cal managed care capitation rate payments to managed care plans that contract with their respective counties. These IGT's are to be used as the non-federal share of the Medi-Cal managed care capitation rate increases. The IGT Proposal became effective for the rate year October 1, 2008 through September 30, 2009. As with the Disproportionate Share Hospital Funds transfers, the IGT matching contributions to the state, as well as the return of that initial investment is reported within this budget unit.

California Medi-Cal Hospital/Uninsured Care Demonstration Project (SB 1100)

Effective July 1, 2005, funding from SB 855 and SB 1255 for the Disproportionate Share Hospital Programs was replaced by SB 1100, California's Medi-Cal Hospital/Uninsured Demonstration Project. The prior SB 855 and SB 1255 programs provided supplemental payments to hospitals serving a disproportionate number of low-income individuals, as well as those licensed to provide emergency medical services and contract with the California Medical Assistance Commission (CMAC) to serve Medi-Cal patients under the Selective Provider Contracting Program.

The new funding system, SB 1100, was designed under a Medicaid (Medi-Cal in California) waiver to fund public and private safety-net hospitals providing care to Medi-Cal and uninsured patients. The hospital financing waiver under SB 1100 is comprised of three elements:

- Medi-Cal Fee for Service, which represents federal funds accounted for directly in the ARMC budget unit, for services provided to Medi-Cal patients;
- Safety Net Care Pool Funds, which provide a fixed amount of federal dollars, also accounted for directly in the ARMC budget unit, to cover uncompensated health care costs, and
- DSH Funds, which continue to be reflected as a matching contribution to the state, and a return of that initial investment, within this budget unit.

Realignment and General Fund Support

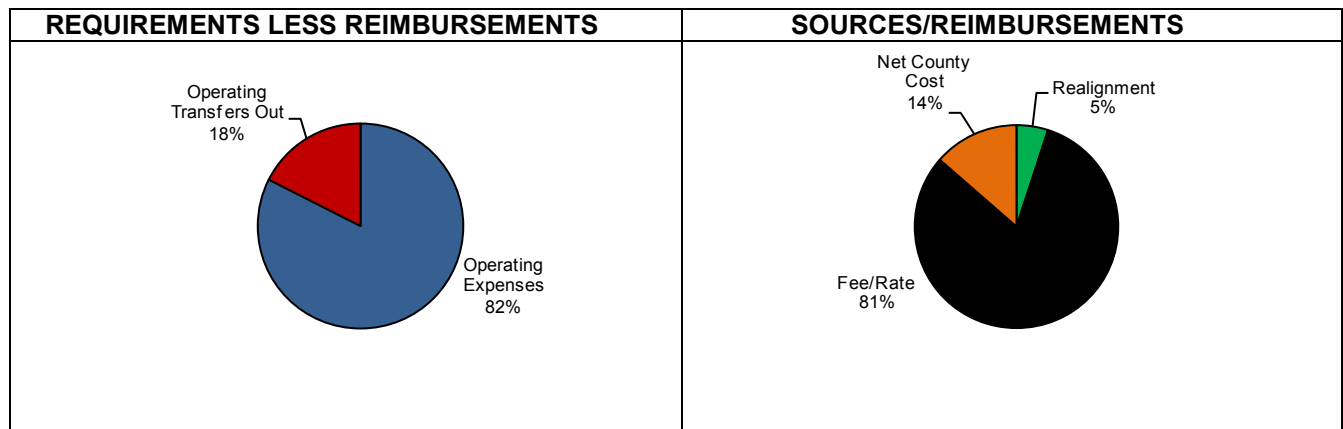
General fund support and realignment funds are used to pay for the ARMC debt service lease payments, Realignment AB 8 match and administrative costs related to this budget unit. To qualify for receipt of Health Realignment funding from the state, the County must contribute a 'match' of local funds. The County's match for 2013-14 is \$4.3 million, which is based on a formula established through AB 8 in 1979. This amount has remained constant throughout the years.

Realignment funds support this budget unit as follows:

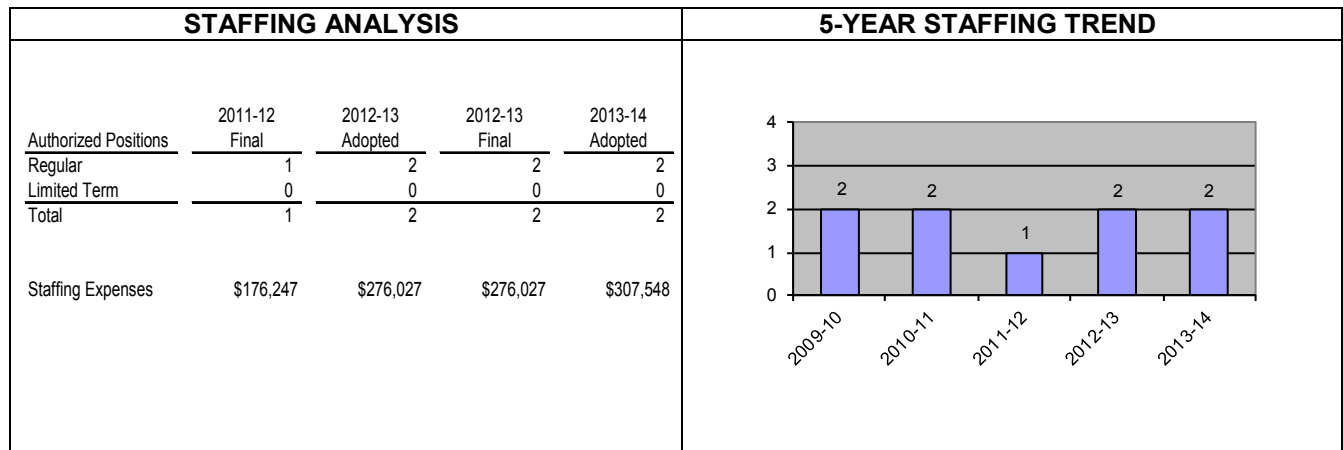
- Mental Health at 10.24% (which covers half of administrative costs).
- Social Services at 2.55% (which covers a share of cost for the 2-1-1 Information System).
- Health at 87.21% (which covers half of administrative costs plus debt service payments).



2013-14 ADOPTED BUDGET



BUDGETED STAFFING



ANALYSIS OF 2013-14 ADOPTED BUDGET

GROUP: Human Services
DEPARTMENT: Health Administration
FUND: General

BUDGET UNIT: AAA HCC
FUNCTION: Health and Sanitation
ACTIVITY: Hospital Care

	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual	2012-13 Final Budget	2013-14 Adopted Budget	Change From 2012-13 Final Budget
Requirements							
Staffing Expenses	100,092	230,227	176,247	320,215	276,027	307,548	31,521
Operating Expenses	42,588,434	32,031,388	23,988,795	67,065,145	82,967,939	90,910,232	7,942,293
Capital Expenditures	0	0	0	0	0	0	0
Contingencies	0	0	0	0	0	0	0
Total Exp Authority	42,688,526	32,261,615	24,165,042	67,385,360	83,243,966	91,217,780	7,973,814
Reimbursements	0	0	(39,979)	0	0	0	0
Total Appropriation	42,688,526	32,261,615	24,125,063	67,385,360	83,243,966	91,217,780	7,973,814
Operating Transfers Out	18,951,047	19,805,002	19,023,328	18,302,938	19,316,679	19,316,679	0
Total Requirements	61,639,573	52,066,617	43,148,391	85,688,298	102,560,645	110,534,459	7,973,814
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	4,754,817	5,825,299	4,873,403	7,826,732	5,470,645	5,534,459	63,814
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	41,884,757	31,244,819	23,277,623	62,861,566	82,090,000	90,000,000	7,910,000
Other Revenue	0	0	0	0	0	0	0
Total Revenue	46,639,574	37,070,118	28,151,026	70,688,298	87,560,645	95,534,459	7,973,814
Operating Transfers In	0	0	0	0	0	0	0
Total Sources	46,639,574	37,070,118	28,151,026	70,688,298	87,560,645	95,534,459	7,973,814
Net County Cost	14,999,999	14,996,499	14,997,365	15,000,000	15,000,000	15,000,000	0
Budgeted Staffing					2	2	0

MAJOR EXPENDITURES AND REVENUE IN 2013-14 ADOPTED BUDGET

Major expenditures in this budget unit include funding Disproportionate Share and Intergovernmental Transfers to cover Medi-Cal Managed Care and transfers to cover the required local match and debt service lease payments for ARMC. The major revenue is the matching funds from the state to cover Medi-Cal Managed Care capitation rate payment enhancements.

BUDGET CHANGES AND OPERATIONAL IMPACT

Staffing expenses of \$307,548 fund 2 Administrative Analyst positions. Requirements has a net increase of \$31,521 from prior year due to increased retirement and benefit costs.

Operating expenses of \$90.9 million are increasing by \$7.9 million primarily to fund increasing DSH Funds and Medi-Cal Care capitation rates.

Operating transfers out of \$19.3 million fund \$4.3 million of realignment local match, which must be transferred into trust, before Health Realignment monies can be directed toward the PH and ARMC budget units to fund health programs, and \$15.0 million of net debt service lease payment for ARMC. Net County Cost in this Department is funded by the Tobacco Master Settlement agreement and supports the \$4.3 million realignment match and a portion of Medical Center lease payments.

Fee/rate revenue of \$90.0 million is increasing by \$7.9 million due to the reimbursement from the state for increasing DSH Funds and Medi-Cal Care capitation rates.

STAFFING CHANGES AND OPERATIONAL IMPACT

Staffing expenses of \$307,548 fund 2 budgeted regular positions. There are no changes to budgeted staffing.



2013-14 POSITION SUMMARY

Division	Regular	Limited Term	Total	Filled	Vacant	New	Total
Health Administration	2	0	2	2	0	0	2
Total	2	0	2	2	0	0	2

Health Administration							
Classification							
2	Administrative Analyst						
2	Total						

Master Settlement Agreement

DESCRIPTION OF MAJOR SERVICES

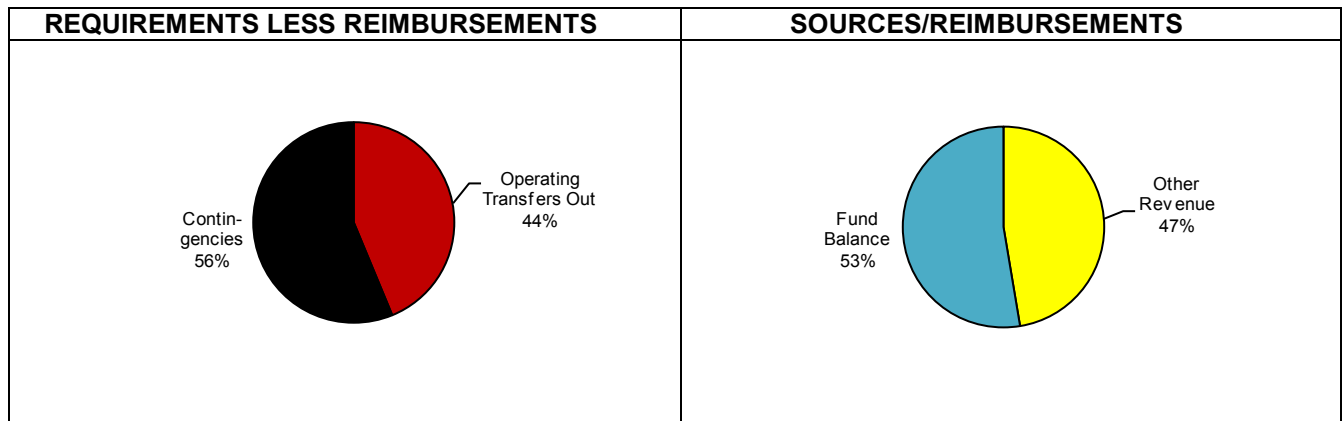
This budget unit accounts for proceeds received from the tobacco lawsuit Master Settlement Agreement (MSA). In late 1998, a settlement was reached in a lawsuit filed by states against the tobacco industry. In California, the proceeds of the settlement are divided equally between the state and local governments who partnered in the lawsuit. Payments to local governments are based on a formula involving total tobacco sales and each local entity's population.

Budget at a Glance

Total Requirements	\$38,858,857
Total Sources	\$18,404,020
Fund Balance	\$20,454,837
Use of Fund Balance	\$0
Total Staff	0

A majority of the County's total proceeds are used each year to fund a portion of the Arrowhead Regional Medical Center (ARMC) debt.

2013-14 ADOPTED BUDGET



ANALYSIS OF 2013-14 ADOPTED BUDGET

GROUP: Human Services
DEPARTMENT: Health Administration
FUND: Master Settlement Agreement

BUDGET UNIT: RSM MSA
FUNCTION: Health and Sanitation
ACTIVITY: Hospital Care

	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Actual	2012-13 Final Budget	2013-14 Adopted Budget	Change From 2012-13 Final Budget
Requirements							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	0	0	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0	0
Contingencies	0	0	0	0	10,207,376	21,858,857	11,651,481
Total Exp Authority	0	0	0	0	10,207,376	21,858,857	11,651,481
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	0	0	0	10,207,376	21,858,857	11,651,481
Operating Transfers Out	15,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	0
Total Requirements	15,000,000	17,000,000	17,000,000	17,000,000	27,207,376	38,858,857	11,651,481
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	17,409,065	17,812,890	18,134,168	27,322,460	17,075,000	18,404,020	1,329,020
Total Revenue	17,409,065	17,812,890	18,134,168	27,322,460	17,075,000	18,404,020	1,329,020
Operating Transfers In	0	0	3,146,181	0	0	0	0
Total Sources	17,409,065	17,812,890	21,280,349	27,322,460	17,075,000	18,404,020	1,329,020
Fund Balance					10,132,376	20,454,837	10,322,461
Budgeted Staffing					0	0	0

MAJOR EXPENDITURES AND REVENUE IN 2013-14 ADOPTED BUDGET

Contingencies of \$21.9 million are increasing by \$11.7 million based on available fund balance and increased sources.

Operating transfers out of \$17.0 million reflect a transfer to the general fund which is then used to fund the Net County Cost within the Health Administration budget unit and to offset increased health care costs within the Department of Public Health. Health Administration uses that Net County Cost to fund the \$4.3 million realignment local match requirement and \$10.7 million of net debt service lease payment for ARMC.

Other revenue of \$18.4 million reflects anticipated revenue from the major tobacco companies to the Master Settlement Agreement fund.

BUDGET CHANGES AND OPERATIONAL IMPACT

Requirements have increased by \$11.7 million due to additional fund balance available.

Revenues from the Master Settlement Agreement have remained stable over the past four years with the exception of a 'spike' in 2012-13 due to a settlement regarding the Non-Participating Manufacturers (NPM) Adjustment. The majority of sources will continue to be directed towards ARMC lease payments.

Sources are increasing by \$1.3 million due to increased share of settlement revenues.

STAFFING CHANGES AND OPERATIONAL IMPACT

There is no staffing associated with this budget unit.

